

Weekly Economic Review

Alberta's export growth eases

International Trade

Falling prices ease growth

Alberta's merchandise exports in August were 13.1% higher than in August 2013. This was the slowest year-over-year growth in the last twelve months, though still above historical norms (Chart 1). Energy exports are mostly responsible for the moderation, with year-over-year growth slowing to 11.1% from around 20% over much of the last year. Exports of farm and intermediate food products were up 71.4% year-over-year (y/y) as inventories built up after last year's record crop have been moving. Year-to-date exports have increased 19.6%, nearly double the national growth rate.

Drilling Activity

A busy year for oil & gas drillers

There were 278 active drilling rigs in Alberta in September, 10.9% more than a year ago. This is the sixth consecutive month of positive year-over-year growth following two years of mostly steady declines (Chart 2). Rig operators have been busier this year, with 7.5% more rigs in the first 9 months versus the same period last year. National rig activity expanded 7.0% y/y as expansion in gas drilling buoyed a decline in oil rig activity.

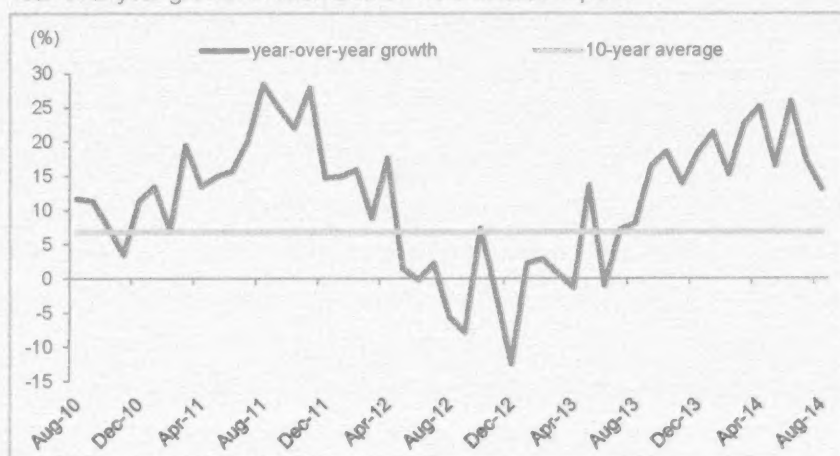
The most recent statistics for the number of metres drilled are only available for July, but they also show increased activity, with July metres drilled up 54.1% y/y. Growth occurred in all drilling areas, but natural gas drove activity, more than doubling over July 2013. Total metres drilled were up 45.6% year-to-date.

Food Services and Drinking Places

Albertans enjoy eating out

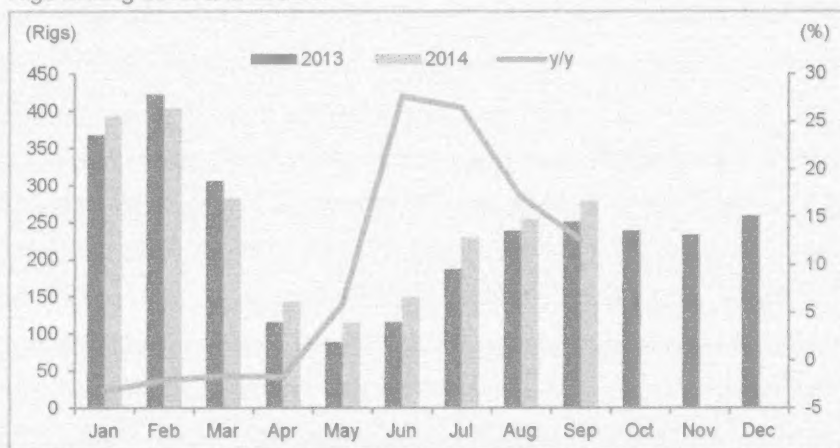
In July, receipts at Alberta food services and drinking places totaled nearly \$730 million, an increase of 5.7% y/y and up 6.0% year-to-date. The largest growth in receipts continues to be in special food services at 12.4% y/y which includes food service contractors, caterers and mobile food services. Growth in receipts

Chart 1: Export growth slows, but is still above average
Year-over-year growth in international merchandise exports



Source: Statistics Canada

Chart 2: Strong growth in active wells drilling
Rigs Drilling Level and Growth



Source: Canadian Association of Oilwell Drilling Contractors

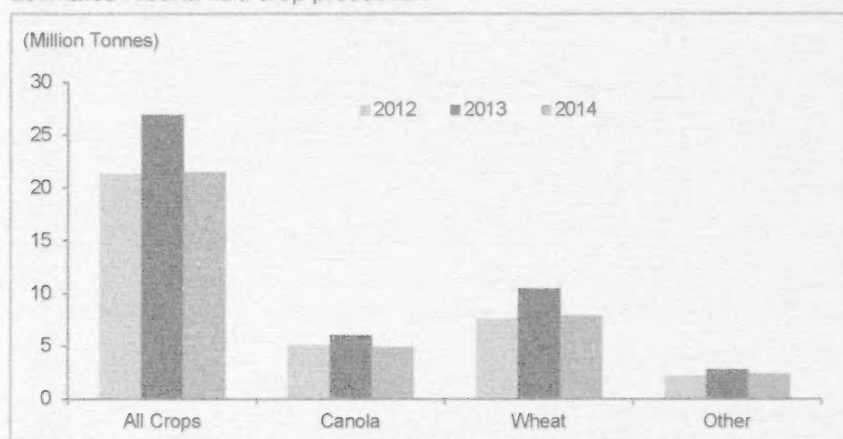
at full-service restaurants and limited-service eating places were both up 5.5% y/y, while receipts from drinking places were flat.

Principle Field Crop Production

Production cools from last year's high

Alberta's crop production eased in 2014 compared with last year's bumper crop, according to second estimates by Statistics Canada. Total production was estimated to be 21 million tonnes, 20.3% below last year's record levels, but flat from 2012. Wheat (-24.0%), canola (17.8%) and barley (-25.4%) all fell from last year, but remain around 2012 levels (Chart 3). Not all crops were down this year, as bean production was up 12.7% and dry peas were up 8.1%.

Chart 3: Crop production back to normal
Estimated Alberta field crop production



Source: Statistics Canada

Chart 4: Six months of continued real GDP growth comes to an end
Canadian Real GDP Growth



Source: Statistics Canada

Real GDP by Industry

GDP flat in July

Canadian GDP was unchanged in July, ending six straight monthly gains (Chart 4). The slowdown was caused by a 0.2% drop in goods production, mainly because of declines in mining, oil and gas as well as utilities. Production in the energy sector was down by 2.0% over June, as conventional oil and gas (-0.7%) and non-conventional oil (-2.8%) extraction waned. Agricultural production also subtracted from growth falling 2.4%. Goods production would have fallen further, were it not for substantial growth in manufacturing (+1.0%) and construction (+0.4%). Service industries provided offset to underwhelming goods production, growing by 0.2%.

US Employment Situation

Labour market shows resiliency

The US added 248,000 jobs in September, and revised up the figures for July and August by a combined 69,000 jobs. The strong job growth is encouraging following a relatively weak performance last month, which interrupted half a year of at least 200,000 jobs per month. Employment was up 1.9% over September 2013, the strongest annual growth since 2006. The unemployment rate continued to improve, declining 0.2 percentage points to 5.9%, down by 1.3 percentage points over the last year and below 6% for the first time in over 6 years. Despite continued improvement in the US labour market, the labour force participation rate (the proportion of the population either working or looking for work) ticked down by 0.1 percentage points to 62.7%, its lowest level in three decades.

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Please see the [Alberta Economy- Indicators at a Glance](#) for a snapshot of Alberta indicators.